

Message Text

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43

ACTION INT-08

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FM AMEMBASSY TOKYO

TO CINCPAC REP GUAM/TTPI-LNO

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CINCPACREP GUAM PLEASE PASS HICOM AND STATUS LNO TRENT
SAIPAN

STATE PASS INTERIOR FOR DOTA AND OSN

E.O. 11652: NA

TAGS: EAID JA TQ

SUBJ: MICRONESIA CLAIMS AGREEMENT

REF: TOKYO 4260

SUMMARY: EMBOFF DISCUSSED IMPLEMENTATION OF AGREEMENT WITH
FONOFF REP APR 9. RE TUNA BOATS, FONOFF SAYS VARIOUS
DESIGNS OF FRP BOATS INCORPORATING MODERN FEATURES EXIST.
PROCUREMENT OF STEEL VESSELS ALSO SEEMS POSSIBLE. THUS,
FONOFF SUGGESTS USG AGREE TO TUNA BOAT PROJECT LEAVING OPEN
QUESTION OF STEEL OR FRP. RE IMPLEMENTATION PROCEDURES,
FONOFF HAS SUBMITTED DRAFT, WHICH EMBASSY FORWARDING TO
ADDRESSEES FOR COMMENT: RE LOCATION OF PROCUREMENT OFFICER,
FONOFF ANXIOUS HE MAKE MONTHLY TRIPS TO TOKYO FOR ABOUT
TEN DAYS AT LEAST IN INITIAL STAGES OF PROCUREMENT.
REQUEST HICOM VIEWS ABOVE THREE POINTS. END SUMMARY.

1. ON APR 9 SASAKI, DEPUTY HEAD, SECOND ECONOMIC
COOPERATION DIVISION, FONOFF, CALLED IN EMBOFF TO DISCUSS
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PENDING QUESTIONS RE CLAIMS AGREEMENT.

2. TUNA BOATS.

A) SASAKI SAID FONOFF HAS MADE INQUIRIES AND NOW UNDERSTANDS THAT DESIGNS EXIST FOR VARIOUS TYPES OF FIBERGLASS REINFORCED PLASTIC (FRP) VESSELS. ONE MODEL MADE BY NISHII SHIPBUILDING COMPANY SIMILAR TO WHAT TTPI HAS IN MIND, THOUGH SOMEWHAT SMALLER. NORMALLY SEVEN TO EIGHT MONTHS REQUIRED FOR CONSTRUCTION OF BOAT FOLLOWING PLACEMENT OF ORDER, BUT DEVIATION FROM STANDARD DESIGN WOULD NO DOUBT LENGTHEN TIME REQUIRED. FONOFF DID NOT INQUIRE WHETHER SPECIFIC FEATURES IN TTPI DESIGN COULD BE INCORPORATED IN FRP VESSELS, BUT FONOFF UNDERSTANDS THAT FRP VESSEL IS PRACTICALLY SAME AS STEEL VESSEL IN TERMS OF FUNCTION AND CAPACITY AND THAT MODERN FEATURES CAN BE INCORPORATED IN FRP BOAT.

B) FONOFF ALSO UNDERSTANDS THAT ALTHOUGH MOST VESSELS THIS TYPE IN JAPAN ARE FRP, IT IS POSSIBLE TO HAVE STEEL VESSEL CONSTRUCTED. FONOFF THUS SUGGESTS THAT TWO SIDES AGREE TO LIST INCLUDING TUNA BOAT PROJECT BUT LEAVING OPEN POSSIBILITIES OF EITHER STEEL OR FRP VESSEL.

C) EMBOFF REPLIED THAT WHILE HE PERSONALLY SYMPATHETIC WITH THIS APPROACH AS LIKELY TO EXPEDITE AGREEMENT AND BEGINNING OF PROCUREMENT, HE UNDERSTOOD MOST IMPORTANT POINT TO TTPI INVOLVES PROFITABILITY OF FRP VESSEL WHICH, ACCORDING FONOFF'S EARLIER EXPLANATION, SOMEWHAT MORE EXPENSIVE THAN STEEL. SASAKI SAID HE DOES NOT DOUBT PROFITABILITY OF FRP VESSELS AS THEY IN WIDE USE AMONG JAPANESE FISHERMEN. HOWEVER, IF THIS CAUSE FOR CONCERN, FONOFF WOULD RECOMMEND USG PURSUE MATTER WITH FEDERATION OF JAPAN TUNA FISHERMAN'S COOPERATIVE ASSOCIATION. (EMBASSY FISHERIES ATTACHE NOW SEEKING APPOINTMENT WITH ASSOCIATION TO OBTAIN ADDITIONAL INFO).

3. IMPLEMENTATION PROCEDURES. SASAKI GAVE EMBOFF DRAFT EXCHANGE OF LETTERS INCORPORATING FONOFF IDEAS ON HANDLING OF PROCUREMENT CONTRACTS AND OTHER DETAILS. LIMITED OFFICIAL USE

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MAIN POINT OF DRAFT IS THAT SIGNED CONTRACTS WILL BE FORWARDED TO FONOFF WITH REQUEST FOR CONFIRMATION, AND CONFIRMED CONTRACTS RETURNED TO PROCUREMENT OFFICER WITH NOTICE OF CONFIRMATION. ADDITIONALLY, DRAFT STIPULATES THAT TAIYO KOBE BANK WILL FORWARD TO PROCUREMENT OFFICER BY TENTH OF MONTH, AND PROCUREMENT OFFICER WILL VERIFY AND FORWARD TO FONOFF BY TWENTIETH OF MONTH, REPORTS ON RECEIPTS AND DISBURSEMENTS FROM SPECIAL ACCOUNT AND

INTEREST ACCOUNT DURING PRECEDING MONTH. OTHER CONTINGENCIES ARE ALSO PROVIDED FOR. EMBASSY IS FORWARDING DRAFT TO TTPI (FOR PETERSON) AND DEPARTMENT (FOR EA/J). SASAKI STRESSED THAT THIS IS TILL A DRAFT, THOUGH FONOFF DOES NOT ANTICIPATE MAKING MAJOV CHANGES. FONOFF WOULD APPRECIATE HAVING ANY USG COMMENTS FOR USE IN PREPARING FINAL VERSION OF DOCUMENT, BUT HOPES VERY MUCH USG WILL BE ABLE TO AGREE TO DOCUMENT AS PROPOSED.

4. LOCATION OF PROCUREMENT OFFICER.

A) SASAKI NOTED THAT GOJ HAS BEEN SUBJECT TO CRITICISM IN DIET AND MEDIA CONCERNING SLOWNESS OF IMPLEMENTATION OF ITS ECONOMIC COOPERATION ACTIVITIES. ONCE PROCUREMENT UNDER CLAIMS AGREEMENT BEGINS, DIET WILL LIKELY BE INTERESTED AND FONOFF ANTICIPATES DIET QUESTIONS ON SUBJECT. FONOFF WOULD LIKE TO BE ABLE TO RESPOND TO SUCH QUESTIONS TO EFFECT THAT IMPLEMENTATION OF AGREEMENT GOING FORWARD QUICKLY, SMOOTHLY, AND WITH NO PROBLEMS. STATIONING OF PROCUREMENT OFFICER IN TOKYO WOULD BE DESIRABLE FROM THIS POINT OF VIEW. SECOND PREFERENCE WOULD BE OKINAWA AND THIRD SAIPAN. SAIPAN LEAST DESIRABLE BECAUSE CRITICISM WOULD BE MADE THAT CONTRACTS OTWEEN PROCUREMENT OFFICER/SUPPLIER/ FONOFF MADE ONLY BY MAIL, AND PROMPT AND SMOOTH IMPE-
MENTATION THUS DIFFICULT.

B) EMBOFF RESPONDED THAT HE DOUBTED IT WOULD BE POSSIBLE TO STATION PROCUREMENT OFFICER IN TOKYO. TTPI NOW CONSIDERING WHETHER PROCUREMENT OFFICER SHOULD BE IN SAIPAN OR OKINAWA. EMBOFF SAID HE THOUGHT TTPI THINKING OF VISITS TO JAPAN BY PROCUREMENT OFFICER AS PROCUREMENT BEGINS AND IF PROBLEMS ARISE, BUT THAT LIMITED OFFICIAL USE

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TTPI PLANNING CONDUCT MOST PROCUREMENT BY MAIL. MOST CONTRACTS WILL BE SMALL AND SIMPLE AND WILL NOT REQUIRE CONSULTATION IN PROCESS OF CONFIRMATION.

C) IN RESPONSE, SASAKI SAID FONOFF EXPERIENCE WITH OTHER COUNTRIES HAS INDICATED REGULAR CONTACT WITH PROCUREMENT OFFICER NECESSARY. IT NOT POSSIBLE PREDICT QUESTIONS WHICH MAY ARISE, AND FONOFF ANXIOUS HAVE SOME MECHANISM BY WHICH PROBLEMS CAN BE HANDLED. INITIALLY, MONTHLY VISIT BY PROCUREMENT OFFICER FOR ABOUT TEN DAYS SHOULD SUFFICE. IF PROCUREMENT GOES SMOOTHLY, IT MIGHT NOT BE NECESSARY TO CONTINUE SUCH FREQUENT VISITS. FONOFF WILLING BE FLEXIBLE ON THIS POINT. REGARDLESS WHERE PROCUREMENT OFFICER STATIONED AND ARRANGEMENTS ON VISITS TO TOKYO, IT WOULD BE HELPFUL

TO FONOFF IF ADDRESS OF PROCUREMENT OFFICER ON CONTRACTS
COULD BE C/O AMERICAN EMBASSY, TOKYO, JAPAN. EMBASSY
COMMENT: IN VIEW OF FONOFF CONCERN THIS POINT, EMBASSY
RECOMMENDS HICOM AGREE TO MONTHLY VISITS BY PROCUREMENT
OFFICER, AT LEAST INITIALLY, WITH UNDERSTANDING SUCH
VISITS MAY NO
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